

1997  
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 approval

STATE PLAN AMENDMENT

For the purpose of establishing a supplement to the prospective per diem reimbursement rates for routine patient care expenses incurred by nursing facilities, the New Jersey Medicaid Program shall utilize the formula explained below to provide for a supplement to the prospective per diem reimbursement rates for nursing facilities participating in the Medicaid program that had a Medicaid patient day occupancy level at or above 75% on June 30, 1997.

The formula for determining the supplement to the prospective per diem reimbursement rates for a nursing facility is based upon the Medicaid patient day occupancy level, such that a facility with a higher Medicaid patient day occupancy level shall receive a larger supplement than a facility with a lower Medicaid patient day occupancy level. Each eligible facility shall receive its distribution according to the following formula:

$$E = A \text{ Medicaid Days} / T \text{ Medicaid Days} * F$$

Where "E" is the entitlement for a specific nursing home resulting from this allocation, "A Medicaid Days" is an individual nursing home's reported Medicaid days on June 30, 1997 "T Medicaid Days" is the total reported Medicaid days for all nursing homes with Medicaid utilization of at least 75%; and "F" is the total amount of State and federal funds (18 million) to be distributed.

No nursing home shall receive a total allocation greater than the amount lost based on April 1, 1995 rates. This will be determined by comparing the rates that were effective on March 31, 1995 to the rates that became effective April 1, 1995.

The supplement allowed by this provision will be effective July 21, 1997 through June 30, 1998. Each qualified nursing facility's total number of Medicaid days for State Fiscal Year 1998 will be used to determine the facility's entitlement. Any amount which is appropriated by the State during fiscal year 1998 for this supplement and which is not expended during the fiscal year will be deposited in a reserve account in the General Fund.

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**New**

STATE PLAN AMENDMENT

For the purpose of establishing a supplement to the prospective per diem reimbursement rates for routine patient care expenses incurred by nursing facilities, the New Jersey Title XIX Programs shall utilize the formula explained below to provide for a supplement to the prospective per diem reimbursement rates for nursing facilities participating in the Medicaid program that had a Medicaid patient day occupancy level at or above 75% as of June 30, 1998.

The formula for determining the supplement to the prospective per diem reimbursement rates for a nursing facility is based upon the Medicaid patient day occupancy level, such that a facility with a higher Medicaid patient day occupancy level shall receive a larger supplement than a facility with a lower Medicaid patient day occupancy level. Each eligible facility shall receive its distribution according to the following formula:

$$E = A \text{ Medicaid Days } / T \text{ Medicaid Days } * F$$

Where "E" is the entitlement for a specific nursing home resulting from this allocation, "A Medicaid Days" is an individual nursing home's reported Medicaid days on June 30, 1998; "T Medicaid Days" is the total reported Medicaid days for all nursing homes with Medicaid utilization of at least 75%; and "F" is the total amount of State and Federal funds (\$18 million) to be distributed.

No nursing home shall receive a total allocation greater than the amount lost based on April 1, 1995 rates. This will be determined by comparing the rates that were effective on March 31, 1995, to the rates that became effective April 1, 1995.

The supplement allowed by this provision will be applied to a nursing facility's total number of Medicaid days for the period from July 1, 1998 to June 30, 1999. Any amount which is appropriated by the State during fiscal year 1999 for this supplement and which is not expended during the fiscal year will be deposited in a reserve account in the General Fund.

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Supersedes TN New Effective Date SEP 20 1998

STATE PLAN AMENDMENT

For the purpose of establishing a supplement to the prospective per diem reimbursement rates for routine patient care expenses incurred by nursing facilities, the New Jersey Medicaid Program shall utilize the formula explained below to provide for a supplement to the prospective per diem reimbursement rates for nursing facilities participating in the Medicaid program that had a Medicaid patient day occupancy level at or above 75% on June 30, 1999.

The formula for determining the supplement to the prospective per diem reimbursement rates for a nursing facility is based upon the Medicaid patient day occupancy level, such that a facility with a higher Medicaid patient day occupancy level shall receive a larger supplement than a facility with a lower Medicaid patient day occupancy level. Each eligible facility shall receive its distribution according to the following formula:

$$E = A \text{ Medicaid Days} / T \text{ Medicaid Days} * F$$

Where "E" is the entitlement for a specific nursing home resulting from this allocation, "A Medicaid Days" is an individual nursing home's reported Medicaid days on June 30, 1999, "T Medicaid Days" is the total reported Medicaid days for all nursing homes with Medicaid utilization of at least 75% and "F" is the total amount of State and federal funds (18 million) to be distributed.

No nursing home shall receive a total allocation greater than the amount lost based on April 1, 1995 rates. This will be determined by comparing the rates that were effective on March 31, 1995 to the rates that became effective April 1, 1995.

The supplement allowed by this provision will be applied to a nursing facility's total number of Medicaid days for the period from July 1, 1999 to June 30, 2000. Any amount which is appropriated by the State during fiscal year 2000 for this supplement and which is not expended during the fiscal year will be deposited in a reserve account in the General Fund.

99-23-MA(NJ)

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TN - 99-23 Approval Date NOV 23 1999  
Supersedes TN **New** Effective Date OCT 9 1999

## OBRA 1987 - ANNUAL SUBMITTAL FOR NURSING FACILITIES -- 1998

The methodology described herein automatically provides for an appropriate adjustment in payment amounts for nursing facility services furnished during the period as of October 1, 1998, as required by Section 4211 (b) of the Omnibus Budget Reconciliation Act of 1987, services required by the nursing home provisions of that Act and consistent with Section 1902 (a) (13) of the Social Security Act.

**METHODOLOGY** - The cost increases incurred by nursing facilities in meeting the OBRA 1987 requirements were calculated in the following manner:

**Nurse Staffing Requirements** - The cost of the actual rate change effective October 1, 1990, (which HCFA has found to conform to the nursing home reform provisions of OBRA 1987) was calculated as follows:

The revised single facility per diem as of October 1, 1990, was compared to the per diems that were superseded (i.e., as of September 30, 1990) for each level of care (SNF, ICF-A, ICF-B) for each facility which was not receiving interim rates.

The resulting per diem differences between the pre October 1, 1990, (three level) rates and the revised single facility rate for each facility were multiplied by the facility Medicaid patient days to calculate an annualized facility specific reimbursement as a result of the change in the reimbursement methodology.

The individual facility reimbursement changes (positive and negative) for proprietary and voluntary facilities were totaled in the amount of \$12,242,219.

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The total was divided by 87 percent (allowing for the thirteen percent of facilities receiving interim rates) to project a cost of \$14,071,516 to the Medicaid program for all proprietary and voluntary facilities.

An amount of \$4,678,888, representing the increased payments as a result of the change for County Governmental (Peer Grouping) facilities, was added to the sum for proprietary and voluntary facilities for a total of \$18,750,404.

The total was divided by 10,000,000 Medicaid patient days for all facilities (as billed by facilities during calendar year 1990) to arrive at a per diem increase of \$1.88 per day in 1990 dollars. Since the Division's prospective reimbursement methodology rebases costs annually, the full cost of OBRA requirements was included in all facilities' prospective rate cost bases by August 31, 1992, and is reflected in all facilities' base rates as of March 1, 1993. As of March 1, 1993, no rate add-ons are required to reimburse OBRA costs and the continuing cost of reimbursing OBRA expenditures is part of facility base rates and indistinguishable from other NF costs. Consequently, the current statewide average rate includes the costs of the requirements of OBRA 1987.

**Other Requirements -** Other general cost categories under Section 1919 of the Act include: continuing education for nurse aides; other staffing requirements (e.g., dietitian, pharmacy, dental, medical records, activities personnel, social worker); resident assessment; plans for care; resident personal funds; and residents' rights. The Department finds that New Jersey has always included these increased/additional Federal requirements in its rate setting system. Since such costs are already included in the base period data and applicable cost limits for current facility rates, per diem adjustments are not necessary.

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**OBRA 1987 - ANNUAL SUBMITTAL FOR NURSING FACILITIES -- 1999**

The methodology described herein automatically provides for an appropriate adjustment in payment amounts for nursing facility services furnished during the period as of October 1, 1999, as required by Section 4211 (b) of the Omnibus Budget Reconciliation Act of 1987, services required by the nursing home provisions of that Act and consistent with Section 1902 (a) (13) of the Social Security Act.

**METHODOLOGY** - The cost increases incurred by nursing facilities in meeting the OBRA 1987 requirements were calculated for the rate period effective October 1, 1999, in the following manner:

**Nurse Staffing Requirements** - The cost of the actual rate change effective October 1, 1990, (which HCFA has found to conform to the nursing home reform provisions of OBRA 1987) was calculated as follows:

The revised single facility per diem as of October 1, 1990, was compared to the per diems that were superseded (i.e., as of September 30, 1990) for each level of care (SNF, ICF-A, ICF-B) for each facility which was not receiving interim rates.

The resulting per diem differences between the pre October 1, 1990, (three level) rates and the revised single facility rate for each facility were multiplied by the facility Medicaid patient days to calculate an annualized facility specific reimbursement as a result of the change in the reimbursement methodology.

The individual facility reimbursement changes (positive and negative) for proprietary and voluntary facilities were totaled in the amount of \$12,242,219.

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99-2-MA(NJ)

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The total was divided by 87 percent (allowing for the thirteen percent of facilities receiving interim rates) to project a cost of \$14,071,516 to the Medicaid program for all proprietary and voluntary facilities.

An amount of \$4,678,888, representing the increased payments as a result of the change for County Governmental (Peer Grouping) facilities, was added to the sum for proprietary and voluntary facilities for a total of \$18,750,404.

The total was divided by 10,000,000 Medicaid patient days for all facilities (as billed by facilities during calendar year 1990) to arrive at a per diem increase of \$1.88 per day in 1990 dollars. Since the Division's prospective reimbursement methodology rebases costs annually, the full cost of OBRA requirements was included in all facilities' prospective rate cost bases by August 31, 1992, and is reflected in all facilities' base rates as of March 1, 1993. As of March 1, 1993, no rate add-ons are required to reimburse OBRA costs and the continuing cost of reimbursing OBRA expenditures is part of facility base rates and indistinguishable from other NF costs. Consequently, the current statewide average rate includes the costs of the requirements of OBRA 1987.

**Other Requirements -** Other general cost categories under Section 1919 of the Act include: continuing education for nurse aides; other staffing requirements (e.g., dietitian, pharmacy, dental, medical records, activities personnel, social worker); resident assessment; plans for care; resident personal funds; and residents' rights. The Department finds that New Jersey has always included these increased/additional Federal requirements in its rate setting system. Since such costs are already included in the base period data and applicable cost limits for current facility rates, per diem adjustments are not necessary.

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**A GUIDE FOR INTERMEDIATE CARE FACILITIES  
FOR THE MENTALLY RETARDED**

**PRINCIPLES AND PROCEDURES FOR  
ESTABLISHING COST-RELATED PER DIEM RATE  
WITH THE NEW JERSEY DEPARTMENT OF HUMAN SERVICES**

**(REVISED MAY 1987)**

**Bureau of Rate Setting  
Office of Finance**

TN No. 89-1  
supercedes  
TN No. 80-2

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State of New Jersey  
Department of Human Services  
(Rev. May 1987)

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**SECTION 1 - DESCRIPTION OF THE RATE REVIEW PROCESS**

State of New Jersey  
Department of Human Services  
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